

Office of the Insurance Commissioner

2005 Legislation Overview

May 2005

Subject	Bill Summary or Background
OIC Request Legislation	
<u>HB 1032</u> – Interstate Compact	<ul style="list-style-type: none"> An NAIC model act that allows for uniform national filings of life insurance and certain other designated insurance products.
<u>SHB 1034</u> – Administrative Supervision	<ul style="list-style-type: none"> Allows the Insurance Commissioner to place an insurer under administrative supervision if the Commissioner makes a finding that one of several specific conditions is met.
<u>SHB 1196</u> – USL&H	<ul style="list-style-type: none"> Creates a separate account in the Washington Insurance Guaranty Fund to cover U.S. Longshore and Harbor Workers' Compensation Insurance.
<u>SHB 1197</u> – Clean-up Bill	<ul style="list-style-type: none"> Makes clarifying changes, and both technical and minor substantive amendments to statutes in the insurance code. Sections 26-30 were redundant with SB 5198 (Medicare Sup) and were <u>vetoed by the Governor</u> at our request.
<u>ESB 5196</u> – Corporate Owned Life Insurance	<ul style="list-style-type: none"> Restricts employer life insurance purchases and requires written consent before the life of the person can be insured for the benefit of their employer.
<u>SB 5198</u> – Medicare Supplement	<ul style="list-style-type: none"> Amends the Medicare Supplement Chapter to be consistent with changes that resulted from the Medicare Modernization Act.
<u>SB 5317</u> – Confidentiality of Financial Examiner Working Paper	<ul style="list-style-type: none"> Information obtained in a financial or market conduct examination is subject to disclosure only if the Insurance Commissioner cites that information in connection with an agency action.
“Other” Legislation	
<u>EHB 1146</u> – Group Life Insurance	<ul style="list-style-type: none"> Funding group life insurance; and amending RCW 48.24.020 and 48.24.030. Premiums for group life insurance may be paid entirely by funds contributed by the insured employees. For members of the Washington State Patrol, a family member or spouse may be insured in the amount purchased by an insured employee. The 75 percent employee voting requirement is removed for the State Patrol, to parallel the voting requirement for other state employees.
<u>SHB 1154</u> - Mental health parity	<ul style="list-style-type: none"> Requires group health insurance plans to provide the same amounts and terms of coverage for mental health services as covered for medical and surgical services. This requirement applies to: (1) plans administered by the HCA on behalf of state employees; (2) plans provided by disability insurers; (3) plans provided by health care services contractors; (4) plans provided by health maintenance organizations; and (5) Basic Health. Allows mental health parity to be phased-in over a 5 year period beginning January 1, 2006. Exempts certain types of mental health services from mandatory coverage provisions. Exempts groups with 50 or fewer employees from mandatory coverage. Insurers must offer optional mental health coverage to those groups.
<u>HB 1356</u> – Local Government Insurance	<ul style="list-style-type: none"> Expanding local government insurance options; amending RCW 48.62.031; and adding a new section to

2005 Legislative Wrap-up
May 2005

Subject	Bill Summary or Background
	<p>chapter 48.62 RCW.</p> <ul style="list-style-type: none"> Provisions are added to the law governing local government insurance transactions to allow a joint self-insurance risk pool to: (1) create and delegate powers to a separate legal or administrative entity; and (2) obligate the pool's participants to pledge revenues or contribute money to secure the obligations or pay the expenses of the pool, including the establishment of a reserve or fund for coverage.
<u>E2SHB 1418</u> – Insurance Overpayment	<ul style="list-style-type: none"> A health carrier may not request a refund of a payment previously made to satisfy a claim unless it does so in writing within 24 months of the date of the initial payment, or request that a contested refund be paid any sooner than six months after receipt of the request. A health care provider may not request additional payment from a carrier to satisfy a claim unless he or she does so in writing within 24 months of the date the claim was denied or initially paid, or request that the additional payment be made any sooner than six months after receipt of the request. In cases involving coordination of benefits, the applicable time period is 30 months. These requirements do not apply to dental-only health carriers, or claims under Medicare or Medicare supplemental plans. Applies to contracts issued or renewed on or after January 1, 2006
<u>EHB 1561</u> – Prohibiting Discrimination in Life Insurance Based on Travel	<ul style="list-style-type: none"> A person cannot be denied life insurance, or have a policy nonrenewed, cancelled, or restricted, or be charged a different rate for the same coverage, based upon the consumer's past or future lawful travel destinations. Exclusions and other limitations for foreign travel in life insurance policies are governed by RCW 48.23.260 and RCW 48.24.210 and are generally prohibited.
<u>HB 1690</u> - Applicability of Certain Taxes and Assessments to State Funded Health Care Services	<ul style="list-style-type: none"> Exempts health plans that provide health services under the General Assistance -Unemployable program or health services under a demonstration or pilot Medicaid program for elderly or disabled persons from the 2 percent tax on prepayments and assessments for the Washington State Health Insurance Pool.
<u>ESB 5045</u> - Allowing title insurance companies to provide a guarantee covering its agents.	<ul style="list-style-type: none"> Title insurance companies may provide a "guarantee" of financial responsibility, up to \$200,000, for fraudulent or dishonest acts committed by employees, officers and owners of title insurance companies. All title insurance agents licensed on or before the effective date of this law have 30 days to comply.
<u>ESSB 5736</u> – Air Ambulance Services	<ul style="list-style-type: none"> Requires the Office of the Insurance Commissioner to perform an evaluation of subscription air ambulance service and report back to the Legislature with respect to its findings and recommendations by December 31, 2005.
<u>SB 5957</u> – MEWA's	<ul style="list-style-type: none"> Changes the terms for the escrow accounts required of self-funded multiple employer welfare arrangements. Beginning either upon the certification of the fourth MEWA by the OIC, or April 1, 2006, whichever is earlier, MEWAs must deposit state premium taxes and assessments into an interest bearing escrow account. Upon final determination that the taxes are not preempted by ERISA, the funds would be transferred to the State Treasurer.
General Government	
<u>ESHB 1064</u> - Improving government	<ul style="list-style-type: none"> Creates a Citizen Oversight Board (Board) to develop an assessment and performance grading program of

2005 Legislative Wrap-up
May 2005

Subject	Bill Summary or Background
performance and accountability.	<ul style="list-style-type: none"> state agencies. • Authorizes the State Auditor, in collaboration with the Board, to develop and implement a statewide performance review and performance audits of state government.
<u>HB 1242</u> - Focusing the state budgeting process on outcomes and priorities	<ul style="list-style-type: none"> • Requires that the Governor communicate statewide priorities to agencies and seek public involvement and input on these priorities. • Requires that the Office of Financial Management (OFM) regularly review selected activities to determine whether objectives and measurements submitted by agencies demonstrate progress towards statewide results. • Requires agencies, as part of evaluating an activity, to evaluate major information technology systems that assist the agency in performing the activity. • Requires that an agency's budget request contain proposals to remedy or improve programs that are determined to be underachieving or inefficient. • Requires that the biennial budget document also describe performance indicators that demonstrate measurable progress towards priority results and identify any activities that are not addressing the statewide priorities.
<u>HB 1625</u> - Modifying employer disclosure of employee information.	<ul style="list-style-type: none"> • Provides qualified immunity against civil liability to an employer who discloses information about a former or current employee's job performance to a prospective employer.
<u>2SHB 1758</u> - Revising public disclosure law	<ul style="list-style-type: none"> • Prohibits agencies from denying public records requests because they are overly broad; allows agencies to respond to requests on a partial or installment basis • Requires the Attorney General to adopt a model rule on public records disclosure. • Allows an agency to ask for a deposit or charge per installment for public records requests. • Allows an agency to cease fulfilling a request if an installment is not picked up. • Changes the venue for certain public records-related suits against counties. • Imposes a one year statute of limitations for certain public records-related suits.
<u>2SHB 1970</u> - Improving government management, accountability, and performance.	<ul style="list-style-type: none"> • Requires state agencies to establish a quality management, accountability, and performance system. • Requires state agencies to apply every three years to the Washington State Quality Award or a similar program for an independent assessment of its quality management program.